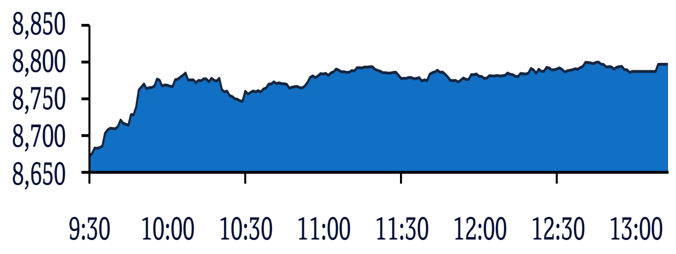
Daily Market Report

Wednesday, 06 May 2020

QSE Intra-Day Movement



Market Indicators	05 May 20	04 May 20	%Chg.
Value Traded (QR mn)	513.5	403.5	27.3
Exch. Market Cap. (QR mn)	500,197.0	490,312.0	2.0
Volume (mn)	406.5	275.3	47.7
Number of Transactions	12,555	11,576	8.5
Companies Traded	45	46	(2.2)
Market Breadth	39:2	18:24	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	16,917.18	1.5	0.4	(11.8)	13.9
All Share Index	2,739.46	1.6	0.7	(11.6)	14.5
Banks	3,864.98	1.4	(0.1)	(8.4)	12.6
Industrials	2,331.57	2.3	2.4	(20.5)	18.6
Transportation	2,765.35	2.6	4.2	8.2	13.4
Real Estate	1,393.54	4.7	6.1	(11.0)	13.8
Insurance	2,004.16	0.4	(0.4)	(26.7)	33.7
Telecoms	818.20	0.5	(3.9)	(8.6)	13.7
Consumer	7,058.61	0.7	0.5	(18.4)	18.1
Al Rayan Islamic Index	3,456.77	1.7	0.9	(12.5)	15.9

Qatar Commentary

The QE Index rose 1.5% to close at 8,799.7. Gains were led by the Real Estate and Transportation indices, gaining 4.7% and 2.6%, respectively. Top gainers were Ezdan Holding Group and Qatari German Company for Medical Devices, rising 10.0% each. Among the top losers, Al Khaleej Takaful Insurance Company and Zad Holding Company were down 0.7% each.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.7% to close at 6,710.5. Gains were led by the Health Care and Software & Serv. indices, rising 5.2% and 3.8%, respectively. Dr Sulaiman Al Habib rose 10.0%, while Allianz Saudi Fransi Coop. Ins. was up 9.4%.

Dubai: The DFM Index gained 0.4% to close at 1,931.7. The Services index rose 2.2%, while the Investment & Financial Services index gained 0.9%. Al Salam Group Holding rose 10.3%, while Ekttitab Holding Company was up 8.2%.

Abu Dhabi: The ADX General Index gained 1.6% to close at 4,103.8. The Investment & Financial Services index rose 6.3%, while the Banks index gained 2.1%. International Holdings Company rose 7.1%, while Waha Capital was up 4.9%.

Kuwait: The Kuwait All Share Index gained 1.3% to close at 4,895.4. The Telecommunications index rose 2.2%, while the Banks index gained 1.7%. Mashaer Holding Company rose 9.9%, while Warba Insurance Company was up 9.6%.

Oman: The MSM 30 Index fell 0.2% to close at 3,493.2. The Financial index declined 0.8%, while the other indices ended in green. Ahli Bank declined 4.0%, while Muscat Finance was down 3.7%.

Bahrain: The BHB Index fell 0.2% to close at 1,298.4. The Commercial Banks index declined 0.4%, while the Industrial index fell 0.3%. Seef Properties declined 2.3%, while BBK was down 1.9%.

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Etihad Etisalat Co.	Saudi Arabia	26.95	4.9	1,440.6	7.8
Rabigh Refining & Petro.	Saudi Arabia	13.44	3.9	2,138.5	(38.0)
Qatar Gas Transport Co.	Qatar	2.72	3.9	22,372.5	13.8
Saudi Industrial Inv.	Saudi Arabia	18.08	3.8	317.7	(24.7)
Industries Qatar	Qatar	7.25	3.7	2,068.0	(29.5)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli Bank	Oman	0.12	(4.0)	2,500.0	(3.1)
HSBC Bank Oman	Oman	0.09	(2.1)	392.5	(22.3)
BBK	Bahrain	0.51	(1.9)	12.2	(6.5)
Saudi British Bank	Saudi Arabia	21.40	(1.6)	1,918.1	(38.3)
Abu Dhabi Islamic Bank	Abu Dhabi	3.41	(1.2)	3,331.2	(36.7)

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.87	10.0	90,401.0	41.6
Qatari German Co for Med. Devices	1.22	10.0	4,592.5	110.3
Salam International Inv. Ltd.	0.32	9.9	39,621.7	(37.7)
Qatari Investors Group	1.64	8.7	5,356.0	(8.4)
United Development Company	1.18	7.0	13,506.3	(22.2)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Al Khaleej Takaful Insurance Co.	1.89	(0.7)	4,367.3	(5.8)
Zad Holding Company	14.50	(0.7)	79.1	4.9

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.87	10.0	90,401.0	41.6
Salam International Inv. Ltd.	0.32	9.9	39,621.7	(37.7)
Mazaya Qatar Real Estate Dev.	0.70	6.4	39,258.9	(2.6)
Aamal Company	0.64	2.7	33,817.5	(21.4)
Alijarah Holding	0.78	5.6	29,000.2	10.4

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	0.87	10.0	77,822.0	41.6
Qatar Gas Transport Co. Ltd.	2.72	3.9	60,435.6	13.8
QNB Group	17.35	2.0	56,106.1	(15.7)
Mazaya Qatar Real Estate Dev.	0.70	6.4	27,295.2	(2.6)
Doha Bank	2.00	1.0	26,550.1	(20.9)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	8,799.73	1.5	0.4	0.4	(15.6)	140.14	136,503.8	13.9	1.4	4.5
Dubai	1,931.66	0.4	(4.7)	(4.7)	(30.1)	51.31	76,657.6	7.4	0.7	6.4
Abu Dhabi	4,103.82	1.6	(3.0)	(3.0)	(19.1)	30.04	122,441.8	11.9	1.2	6.4
Saudi Arabia	6,710.51	1.7	(5.7)	(5.7)	(20.0)	1,182.95	2,087,437.2	28.1	1.6	3.8
Kuwait	4,895.40	1.3	(1.6)	(1.6)	(22.1)	80.11	89,060.1	13.8	1.1	4.3
Oman	3,493.16	(0.2)	(1.3)	(1.3)	(12.3)	3.67	15,226.7	8.6	0.8	7.0
Bahrain	1,298.37	(0.2)	(0.9)	(0.9)	(19.4)	0.90	20,095.9	9.0	0.8	5.5

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index rose 1.5% to close at 8,799.7. The Real Estate and Transportation indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from non-Qatari shareholders.
- Ezdan Holding Group and Qatari German Company for Medical Devices were the top gainers, rising 10.0% each. Among the top losers, Al Khaleej Takaful Insurance Company and Zad Holding Company were down 0.7% each.
- Volume of shares traded on Tuesday rose by 47.7% to 406.5mn from 275.3mn on Monday. Further, as compared to the 30-day moving average of 166.0mn, volume for the day was 144.9% higher. Ezdan Holding Group and Salam International Investment Limited were the most active stocks, contributing 22.2% and 9.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	42.04%	48.35%	(32,411,024.46)
Qatari Institutions	27.78%	17.01%	55,347,857.16
Qatari	**69.82%**	**65.36%**	**22,936,832.70**
GCC Individuals	0.97%	1.34%	(1,886,533.42)
GCC Institutions	2.45%	0.72%	8,883,290.76
GCC	**3.42%**	**2.06%**	**6,996,757.34**
Non-Qatari Individuals	16.30%	17.05%	(3,854,074.67)
Non-Qatari Institutions	10.45%	15.53%	(26,079,515.37)
Non-Qatari	**26.75%**	**32.58%**	**(29,933,590.04)**

Source: Qatar Stock Exchange (*as a % of traded value)

Ratings, Earnings Releases, Global Economic Data and Earnings Calendar

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Al Baraka Banking Group	S&P	Bahrain	LTR/STR	BB+/B	BB/B	↓	Stable	–

Source: News reports, Bloomberg (* LTR – Long Term Rating, STR – Short Term Rating)

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
Aldrees Petrol. and Transport Serv.	Saudi Arabia	SR	1,457.8	12.2%	51.6	40.6%	30.3	1.3%
National Medical Care Co.	Saudi Arabia	SR	195.0	8.7%	36.3	19.7%	33.2	10.6%
United Fidelity Insurance Company	Abu Dhabi	AED	108.9	85.8%	–	–	0.5	240.2%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/05	US	Markit	Markit US Services PMI	Apr	26.7	27.0	27.0
05/05	US	Markit	Markit US Composite PMI	Apr	27.0	–	27.4
05/05	US	Institute for Supply Management	ISM Non-Manufacturing Index	Apr	41.8	38.0	52.5
05/05	UK	Markit	Markit/CIPS UK Services PMI	Apr	13.4	12.3	12.3
05/05	UK	Markit	Markit/CIPS UK Composite PMI	Apr	13.8	12.9	12.9
05/05	EU	Eurostat	PPI MoM	Mar	-1.5%	-1.4%	-0.7%
05/05	EU	Eurostat	PPI YoY	Mar	-2.8%	-2.7%	-1.4%

Source: Bloomberg (s.a. = seasonally adjusted; n.s.a. = non-seasonally adjusted; w.d.a. = working day adjusted)

Earnings Calendar

Tickers	Company Name	Date of reporting 1Q2020 results	No. of days remaining	Status
QFBQ	Qatar First Bank	7-May-20	1	Due

Source: QSE

News

Qatar

- **QNB Group to offer benchmark-sized USD-denominated regulation S registered bond** – QNB Group announced that Barclays Bank PLC, Credit Agricole CIB, ING, Mizuho, QNB Capital and Standard Chartered Bank (together "Joint Lead Managers") have been mandated to arrange a benchmark-sized USD-denominated Regulation S Registered bond on behalf of QNB Group. A USD benchmark Reg S offerings under its Medium Term Note Program may follow subject to market conditions. (QSE)
- **QATI issues subordinated Tier 2 capital notes worth $300mn** – Qatar Insurance Group (QATI) issued $300mn perpetual non-call 5.5 year subordinated Tier 2 capital notes. The notes were issued through QIC (Cayman) Limited, a Special Purpose Vehicle incorporated in the Cayman Islands, for the purpose of the issuance and guaranteed by Qatar Insurance Company QSPC. Standard & Poor's will rate the notes BBB+. (QSE)
- **QETF announces dividend distribution of QR0.044 per unit** – Doha Bank, as founder, and Aventicum Capital Management (Qatar), the fund manager of the QE Index ETF (QETF) announced a cash distribution of QR0.044 per unit. Unitholders of record of the QETF, at the close of business May 19, 2020, will receive a cash distribution payable on May 21, 2020. (QSE)
- **QCB issues QR600mn treasury bills for May** – The Qatar Central Bank (QCB) issued on Tuesday treasury bills for three, six and nine months for May with a value of QR600mn. According to a QCB statement, the treasury bills are distributed as following: QR300mn for three months at an interest rate of 0.40%; QR200mn for six months at an interest rate of 0.64%, and QR100mn for nine months at an interest rate of 0.66%. The issuance comes as part of the QCB's monetary policy initiatives and its efforts to strengthen the financial system as well as to activate the tools available for the open market operations. The issuance is part of a series executed by the QCB on behalf of the Government of the State of Qatar and in accordance with the schedule prepared by both the QCB and the Ministry of Finance. Treasury bills are issued through auction for banks operating in Qatar. (Gulf-Times.com)
- **QCB Governor: QCB to encourage venture capital financing, start-up development** – The Qatar Central Bank's second strategic plan involves setting up policies that encourage the deepening of venture capital financing and ensure the development of SMEs, including start-ups, according to HE the QCB's Governor, Sheikh Abdulla bin Saoud Al-Thani. Another focused strategy for SMEs is being monitored through the Qatar Development Bank (QDB), which has developed several innovative programs to provide short-, medium- and long-term capital to SMEs, he told the Oxford Business Group. In order to provide a national-level, comprehensive strategy for the sector, a clear definition of SMEs was provided and measures were undertaken to reduce barriers to bank lending for these entities. (Gulf-Times.com)
- **Industrial Area reopens; entry, exit regulated** – The Government Communications Office (GCO) has announced the decision to reopen from today the Industrial Area until Street 32, with reorganized exit and entry procedures. Streets 1 and 2 and Al Wakalat Street were reopened earlier. It may be recalled that the gradual reopening of the Industrial Area had commenced on April 22 with the three streets after remaining shut for around 35 days as part of the State's efforts to curb the spread of the novel coronavirus (COVID-19) and protect the health and safety of the inhabitants there. The reopening of the rest of the Industrial Area is being implemented in adherence to all the preventive precautionary measures determined by the Ministry of Public Health, the GCO said. The reorganization of exit and entry will result in resuming work and supply chains inside and outside the Area to normal, while making sure that the community is not at risk of infections. These procedures will allow the following groups to enter and exit the Area: employers, employees who work in the Area but live outside, residents who live in the Area but work outside. In addition, companies operating in the Area will be allowed to transport materials and equipment by submitting in advance an application to the Ministry of Commerce and Industry and the Ministry of Administrative Development, Labour and Social Affairs. This will be detailed in the Permanent Committee for Industrial Area Affairs' procedures guide, established by Ministerial Decision number 29 of 2016, to explain all temporary procedures that must be followed in the upcoming period. Employers will be required to ensure all workers download the Ehteraz mobile app, which is mandatory for exit from and entry to the Industrial Area. (Gulf-Times.com)
- **IGU: Qatar accounts for bulk of LNG supplies to Asia in 2019** – Qatar accounted for bulk of the 36.3mn tons LNG supplies to Asia from the Middle East in 2019, the International Gas Union has said in its latest report. Asia has the third largest liquefied natural gas trade flow from the Middle East, IGU noted in its '2020 World LNG' report. There were also significant flows from the Middle East to Asia Pacific, which was the second largest trade flow last year, but has now settled at 31.2mn tons. A lot of the trade flow that used to go to Asia instead moved to Europe in 2019 as prices went down. Intra-Middle East trade was only 3mn tons. Qatar managed to maintain its position as the largest exporter in the world, exporting 77.8mn tons in 2019, closely followed by Australia who exported a total of 75.4mn tons, an increase of 13% YoY, driven by the start-ups of Ichthys LNG T1-2 (8.9mn tons) and Prelude FLNG (3.6mn tons). The US overtook Malaysia as the third largest exporter, and added a record of 13.1mn tons, an increase of 63% as Corpus Christi LNG T1-2 (9mn tons), Cameron LNG T1 (4mn tons), Freeport LNG T1 (5.1mn tons), Sabine Pass T5 (4.5mn tons) and Elba Island T1-3 (0.75mn tons) started up. (Gulf-Times.com)

International

- **US, UK launch trade talks, pledge quick work as virus ravages global economy** – The US and Britain launched formal negotiations on a free trade agreement on Tuesday, vowing to work quickly to seal a deal that could counter the massive drag of the coronavirus pandemic on trade flows and the two allies' economies. The talks, to be conducted virtually, will involve over 300 U.S. and UK staff and officials in nearly 30 negotiating groups, US Trade Representative Robert Lighthizer and UK trade minister Liz Truss said in a joint statement. "We will undertake negotiations at an accelerated pace and have committed the resources necessary to progress at a fast pace," they said. "A Free Trade Agreement would contribute to the long-term health of our economies, which is vitally important as we recover from the challenges posed by COVID-19," the disease caused by the novel coronavirus. The first round of talks began as new US data showed a record drop in US exports and a contraction in the vast US service sector for the first time in over a decade. It is Washington's first major new trade negotiation in 2020. London has also been working out trade terms with the European Union following its exit from the bloc in January. London's goal was to expeditiously complete both negotiations and there could be a positive dynamic between them, even though they are being headed by different lead negotiators, one UK official told journalists in a background briefing. Lighthizer, who has named the UK trade talks one of his top priorities for 2020, published objectives more than a year ago that sought full access for US agricultural products and reduced tariffs for US manufactured goods. Stung by shortages of medical equipment and drugs during the pandemic, both countries are seeking to shift some supply chains away from China. (Reuters)

- **IHS Markit: US services sector activity falls to new record lows –** US business activity plumbed new record lows in April as the novel coronavirus severely disrupted production at industries, a survey confirmed on Tuesday. Data firm IHS Markit said last weekarb its flash US Composite Output Index, which tracks the manufacturing and services sectors, tumbled to a reading of 27.0 last month. That was the lowest since the series began in late 2009 and followed a flash reading of 27.4 and March's final reading of 40.9. A reading below 50 indicates a contraction in private sector output. Businesses have been pressured by nationwide lockdowns to slow the spread of COVID-19, the respiratory illness caused by the coronavirus, leading to a contraction in the economy. The government reported last week that gross domestic product declined at a 4.8% annualized rate in the first quarter, the steepest pace of contraction in output since the fourth quarter of 2008. The IHS Markit survey's services sector final Purchasing Managers Index dropped to an all-time low reading of 26.7 in April from a flash reading of 27.0 last month and final 39.8 in March. The data firm confirmed last week that manufacturing activity sank in April to its lowest level since March 2009. It said new business at private sector firms slumped, as demand fell at the sharpest rate on record. That left greater spare capacity at firms, leading them to reduce their workforce numbers at the steepest rate in the series history. (Reuters)
- **US Treasury to distribute $4.8bn in pandemic funds to tribal governments –** The US Treasury Department will begin distributing $4.8bn in pandemic-relief funds to Native American tribal governments in all US states on Tuesday, the Treasury and Interior Departments said in a joint statement. Payments would begin Tuesday to help the tribes respond to the novel coronavirus outbreak based on population data in US Census figures, the statement said, while payments based on employment and expenditure data would be made at a later date. Amounts calculated for Alaska Native Claims Settlement Act regional and village corporations, for-profit businesses that serve tribal villages in Alaska, would be held back until pending litigation relating to their eligibility was resolved, they said. The decision frees up about 60% of the $8bn in funds earmarked for Native tribes in the CARES Act, after delays caused by a legal dispute among the nation's native populations over who is entitled to the aid. (Reuters)
- **US trade deficit widens, services sector contracts amid coronavirus –** The US trade deficit increased by the most in more than a year in March as a record drop in exports offset a shrinking import bill, suggesting the novel coronavirus outbreak was upending the global flow of goods and services. Other data on Tuesday showed the tough measures to slow the spread of COVID-19, the respiratory illness caused by the coronavirus, pushed the nation's vast services sector into contraction in April for the first time in nearly 10-1/2-years. The reports were the latest indication that the economy was sinking deeper into recession and that a sharp rebound was unlikely even as parts of the US started to reopen. The Commerce Department said the trade deficit jumped 11.6%, the largest rise since December 2018, to $44.4bn. Economists polled by Reuters had forecast the trade gap increasing to $44.0bn in March. Global lockdowns have severely disrupted supply chains and also weighed on demand for goods and services, shrinking economic output. In the US GDP declined at a 4.8% annualized rate in the first quarter, the steepest pace of contraction in output since the fourth quarter of 2008. Economists believe the economy entered recession in the second half of March when the social distancing measures took effect. (Reuters)
- **IHS Markit: UK economy set to shrink 7% or more, April PMIs dive –** Britain's economy is on course for an unprecedented 7% quarterly contraction after measures to slow the spread of the coronavirus forced business closures across the country last month, a business survey showed on Tuesday. IHS Markit said its monthly Purchasing Managers' Index (PMI) for the services sector fell to its lowest since the survey started in 1996, dropping to 13.4 in April from 34.5 in March, only a fraction better than an initial flash estimate of 12.3. Last week's manufacturing PMI was similarly dire, and IHS Markit said that taken together, they pointed to the deepest economic downturn "in living memory". A composite PMI of the two sectors dropped to 13.8 in April from 36.0 in March, far below the 50 mark that divides growth from contraction. Britain's services PMI does not include retailers, who have been hardest hit by store closures since the March 23 lockdown, or many of the self-employed. Last month government budget forecasters set out a scenario under which the economy could contract as much as 35% in the three months to June due to the lockdown and for annual output to fall by the most in more than 300 years. Some of Britain's biggest companies estimated that their sales would be down by more than a fifth over the year, even with a modest recovery once lockdown measures start to be lifted. The services PMI showed a small rise in business expectations to 53.2 in April from a record-low 47.9 in March, which IHS Markit said reflected firms' hopes that they would be allowed to reopen by the summer. (Reuters)
- **CBI: Small UK manufacturers gloomiest in over 30 years –** Small British manufacturers expect the biggest fall in output in more

than 30 years over the next three months as the hit from the coronavirus intensifies, according to a survey which echoes other gloomy forecasts for the sector. The Confederation of British Industry said smaller manufacturers had already suffered the largest drop in output and the biggest quarterly loss in jobs since the financial crisis during the three months to April. “SME manufacturers are seeing a sharp shock to activity due to the COVID-19 outbreak, with expectations signalling a sharper downturn to come,” CBI economist Alpesh Paleja said. Last week a monthly survey of purchasing managers in the manufacturing sector showed the biggest fall in output in April since the survey began in 1992. The CBI said its members’ expectations for factory output over the next three months were the weakest since its survey started in 1988. Total economic output could fall by more than a third during the second quarter - a drop with no precedent in more than 300 years - according to a scenario published by the government’s budget forecasters last month. Britain’s government is due to review the lockdown this week. But so far ministers have said there are no grounds for a significant relaxation yet, as the official death toll approaches 30,000, the highest in Europe alongside Italy. The CBI conducted its survey of 301 small manufacturers from March 25 to April 14. Britain’s lockdown began on March 23, and has closed most non-essential businesses to the public, though not to staff if they can keep a safe distance while working. (Reuters)

- **UK new car sales plunge 97% to lowest level since 1946 –** British new car sales slumped by an annual 97% in April to the lowest level of any month since February 1946 as factories and dealerships shut due to the coronavirus outbreak. The collapse in car sales puts more pressure on the UK economy, which is on course for an unprecedented quarterly contraction of at least 7%, a survey showed on Tuesday, as the coronavirus crimps activity. Lockdown measures have been in place across Europe since mid-March to contain the pandemic, shutting many companies and limiting people’s movements, with Prime Minister Boris Johnson expected to detail this week how measures will be slowly eased. Sales to businesses in April accounted for four in five of the 4,321 new car registrations, according to the Society of Motor Manufacturers and Traders (SMMT), which further downgraded its full-year forecast to 1.68mn sales, on track for a near 30-year low. In January it had forecast 2.25mn sales. Demand in France and Italy fell by similar levels. Britain’s car industry, the country’s biggest exporter of goods, faces losing output worth more than 8bn Pounds ($9.94bn) due to the coronavirus outbreak, according to the SMMT. (Reuters)
- **Eurozone producer prices plunge more than expected in March –** Eurozone producer prices suffered their steepest fall since the 2008 financial crisis in March, data showed on Tuesday, dropping by more than expected as the COVID-19 pandemic sharply reduced demand for energy. The European Union’s statistics office Eurostat said prices at factory gates in the 19 countries sharing the euro fell by 1.5% month-on-month in March for a 2.8% YoY decline. The former was the steepest decline since November 2008. Economists polled by Reuters had expected drops of 1.3% for the month, and 2.6% YoY. Producer prices show inflationary pressure early in the pipeline because unless their changes are absorbed by retailers and intermediaries, they directly affect the final price for consumers. Energy prices tumbled 5.5% on the month and by 11.3% YoY in March pulled down by the oil-price war between Russia and Saudi Arabia and falling demand for fuel as economies around the world ground to a halt because of the pandemic. Without the volatile energy component, industrial producer prices fell only 0.2% on the month and were 0.2% higher YoY. (Reuters)
- **Ireland: EU to demand progress on fishing, level playing field in Brexit talks –** The European Union (EU) will insist on making progress on its priorities of fisheries and level-playing-field provisions in parallel to trade talks with ex-member Britain, Ireland’s Foreign Minister Simon Coveney said. Negotiations between the EU and Britain over new trade arrangements to kick in once a transition period ends in December have reached an impasse with Britain pushing for a basic free trade agreement. Britain says that the EU is making demands it had not sought from other trading partners, such as an insistence on level-playing-field rules, including in areas such as taxation and state aid. Britain opposes measures that would require it to maintain rules similar to European standards. The implementation of the Northern Ireland protocol, which guarantees an open land border between British-ruled Northern Ireland and the Irish Republic, is “also important to build trust,” Coveney said. The EU’s tortuous Brexit talks with Prime Minister Boris Johnson’s government were renewed in late April, but quickly hit snags, according to diplomats and officials in the bloc’s hub Brussels. More negotiations are due to take place next Monday with EU officials noting there is still time for London and Brussels to meet a deadline at the end of June to agree on extending negotiations beyond the end of the year. Britain says it does not want an extension, despite the coronavirus crisis making negotiations more difficult. (Reuters)
- **Spain's jobless rate slows, but record number of people claim benefits –** Unemployment in Spain rose again in April, pushing the number of people depending on unemployment benefits to a record 5.2mn as one of the world’s strictest coronavirus lockdowns brought the economy to a halt. The number of people in Spain registering as jobless rose by 7.97% in April from a month earlier, or by 282,891 people, leaving 3.8 million people out of work, the Labor Ministry said on Tuesday. The number of registered jobless people had risen in March by 9.31%. The cost of the benefits paid to the 5.2mn people fully or partly depending on unemployment benefits in April skyrocketed 207% from a year earlier to 4.5bn Euros. Including furloughed workers and people on medical leave, as many as 7mn people are depending on the state, almost 30% of the working population, according to data that Spain has sent to Brussels with economic forecasts for 2020. The figure of fully unemployed people, at 3.8mn, is still far from the record of more than 5mn reached in 2013 at the trough of the financial crisis that hit the country a decade ago. The April data show Spain had a montly average of 548,000 fewer jobs in April than in April 2019. In the last two weeks of March, the country’s economy shed almost 900,000 jobs. The government is asking to look at the development of the labor market since the last day of March. With this metric, the net job loss would be only 49,000 jobs. (Reuters)
- **India pledges easy access to land for factories leaving China –** India is developing a land pool nearly double the size of Luxembourg to lure businesses moving out of China, according to people with the knowledge of the matter. A total area of

461,589 hectares has been identified across the country for the purpose, the people said, asking not to be identified because they are not authorized to speak to the media. That includes 115,131 hectares of existing industrial land in states such as Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh, they said. Luxembourg is spread across 243,000 hectares, according to the World Bank. Land has been one of the biggest impediments for companies looking to invest in India, with the plans of Saudi Aramco to Posco frustrated by delays in acquisition. Prime Minister Narendra Modi's administration is working with state governments to change that as investors seek to reduce reliance on China as a manufacturing base in the aftermath of the coronavirus outbreak and the resultant supply disruption. At present, investors keen on setting up a factory in India need to acquire land on their own. The process, in some cases, delays the project as it involves negotiating with small plot owners to part with their holding. (Bloomberg)

Regional

- **ACI: Middle East, Asia Pacific aviation hubs to lose $36.4bn –** Airports in the UAE and the rest of the Middle East region are entering the most critical stage of the year due to the disruptions caused by coronavirus, with revenues forecast to drop by more than half and passenger traffic by hundreds of millions, new data showed. Aviation hubs in the region, as well as in the Asia Pacific, will see $36.4bn in revenues wiped out this year, approximately 10% more losses than estimated one month ago, according to Airports Council International (ACI) World's updated economic impact assessment released on Tuesday. Overall, airports in the Middle East will register a 53% decline in revenues, slightly lower than the 59% forecast decline for Asia Pacific. Both regions stand to lose two billion passengers, about 400mn more travelers than previously forecast. "We are entering the most critical stage of the year for our industry. We expect the second quarter of the year to be substantially more challenging than the first quarter, especially in countries with predominantly international traffic profiles," Director-General for ACI Asia Pacific, Stefano Baronci said. The International Air Transport Association (IATA) had earlier said that Middle East's passenger numbers plummeted by nearly half in March, the most disastrous month so far for the air transport business, as a result of the tight measures imposed by governments worldwide to curb the spread of coronavirus. (Zawya)
- **Temenos: MEA banks think cash will dip below 5% of transactions in next five years –** Banks in the Middle East and Africa (MEA) are the strongest believers in a cashless society, according to a global retail banking survey released by Temenos, the banking software company. The in-depth survey conducted by the Economist Intelligence Unit (EIU) on behalf of Temenos reveals that 6 in 10 Middle East and African banking executives think cash will dip below 5% of retail transactions in the next five years, compared to a global average of 48% who think the same. The lockdown measures imposed by governments worldwide in light of the evolving Coronavirus pandemic are also expected to increase the need for and use of digital banking and payment solutions globally. The EIU report on "How technology is driving the evolution of intelligent banking in the Middle East and Africa" indicates that MEA retail banks are highly conscious of the threats financial exclusion and delaying digitalization pose to their business models. Respondents acknowledge consumer demands for accessible, hyper personalized digital banking experiences, ranking changing customer demands as the highest-impact trend by 2020 (35%). A plurality of MEA banking executives – 43% of respondents – identify new technologies, including AI, as the most impactful trend on their sector by 2025. (Zawya)
- **Moody's affirms ratings of Saudi Arabian banks; outlooks changed to 'Negative' –** Moody's Investors Service (Moody's) has affirmed all ratings and assessments of the 11 banks it rates in Saudi Arabia (A1, Negative). At the same time, the rating agency changed the outlook on the long-term deposit ratings to 'Negative' from 'Stable' for ten of the banks and maintained the 'Negative' outlook on the long-term deposits of one bank. The rating action follows Moody's decision to change the outlook to 'Negative' from 'Stable' on the Saudi Arabian government's A1 rating on 1 May 2020. Moody's decision to affirm the ratings of all 11 banks reflects the rating agency's view that the current ratings continue to reflect the resilience in their financial performance underpinned by strong capital buffers, favorable funding profiles and ample liquidity buffers. The 'Negative' outlooks are driven, to a different extent, by a combination of the following: (1) The potential weakening of the government's capacity to support the Saudi banks and this driver also applies to Banque Saudi Fransi whose long-term deposit ratings already carry a 'Negative' outlook, (2) The deteriorating operating environment faced by the country's banks, and (3) Idiosyncratic challenges for Saudi British Bank, Bank AlBilad, The Saudi Investment Bank and Banque Saudi Fransi where these challenges are largely related to one or more factors in their solvency profile. Moody's decision to change the outlook to 'Negative' from 'Stable' on ten of the banks long-term deposit ratings captures the potential weakening capacity of the government of Saudi Arabia to provide support in case of need, as implied by the 'Negative' outlook on the A1 government issuer rating. The outlook for the eleventh and final bank, Banque Saudi Fransi, has been 'Negative' since March 2020 and also incorporates the drivers arising from this rating action. Moody's continues to incorporate a high/very high probability of government support for the ratings of Saudi banks driven by their government shareholdings, importance in the domestic banking and payment system and the track record of pre-emptive government support. A secondary driver for the 'Negative' outlook is the weakening operating environment on the back of lower oil prices, reduced government spending and spread of coronavirus which, if prolonged, could lead Moody's to revise downwards its assessment of the operating environment, through a lower macro profile from its current level of moderate. Moody's expects that the Saudi government's spending cuts, announced in the 2020 budget, will weigh on the non-oil sector of the country's economy (forecast contraction of -4% for 2020 compared to 3.3% growth in 2019), where the banks do most of their business. At the same time, travel restrictions aimed at stemming the spread of the coronavirus are disrupting the tourism industry and particularly religious pilgrimages to Mecca and Medina. Moody's regards the coronavirus outbreak as a social risk under its environmental, social and governance (ESG) framework, given the substantial implications for public health and safety. Finally, the 'Negative' outlook for Saudi British

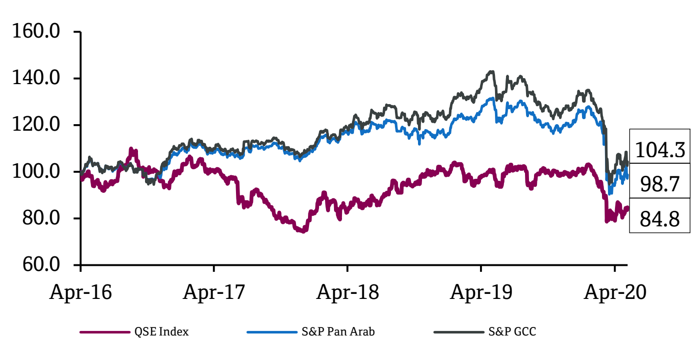
Bank, Saudi Investment Bank, Banque Saudi Fransi, and Bank AlBilad also captures existing pressures on the banks' standalone credit profiles. (Moody's)

- **Moody's reaffirms APICORP's credit rating to 'Aa2' with 'Stable' outlook –** The Arab Petroleum Investments Corporation (APICORP), a multilateral development financial institution, announced that its 'Aa2' rating with a 'Stable' outlook was reaffirmed by Moody's Investor Service (Moody's) despite current economic and market shocks. According to Moody's, "The credit profile of APICORP reflects its high capital adequacy, supported by moderate leverage, robust asset quality, low levels of nonperforming assets, and a very strong liquidity and funding profile, underpinned by diversified funding sources and increased availability of liquid resources to cover upcoming net cash outflows. APICORP's shareholder support is derived from the presence of callable capital and creditworthy shareholders. The coronavirus outbreak and the related oil price shock pose risks to asset performance, however, APICORP's track record of resilience to shocks and strong quality of management mitigate some of these risks." (Peninsula Qatar)
- **Saudi non-oil private sector contracts again, output hits new low –** Saudi Arabia's non-oil private sector shrank for the second consecutive month in April and its output hit a record low as lockdowns and business closures to tackle the new coronavirus hammered the economy, a survey showed on Tuesday. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) rose slightly to 44.4 in April from 42.4 in March, which was the lowest reading since the survey began in August 2009. April is only the second time the headline index has fallen below the 50.0 mark that separates growth from contraction. The slight rise from March reflected a slower reduction in new work and a stronger contribution from the suppliers' delivery times component, the survey compilers wrote in a report. "Saudi Arabian private sector output fell at the fastest pace since the survey began more than a decade ago, reflecting widespread business closures and a sharp reduction in customer demand," Economics Director at IHS Markit, Tim Moore said. The output sub-index of the IHS Markit survey slipped to a record low at 37.5 in April from 37.9 in March. New work decreased sharply in April and the employment sub-index fell at the steepest pace since the survey began over a decade ago. (Zawya)
- **John Kemp: Saudi foreign reserves slide as epidemic, oil volume war take toll –** Saudi Arabia's decision to wage an oil volume war with Russia, which proved badly timed as it coincided with coronavirus lockdowns and tumbling crude demand, exacted a heavy toll on the Kingdom's finances. Total foreign reserve assets fell by almost $24bn in March, the largest one-month decline for at least 20 years, according to the latest official data from the Kingdom's central bank, the Saudi Arabian Monetary Authority (SAMA). Reserve assets had fallen from a peak of $746bn in August 2014 but until March had been steady at around $500bn since the middle of 2017 ("Monthly bulletin", Saudi Arabian Monetary Authority, April 28). However, total reserves tumbled to just $473bn at the end of March, the lowest for nine years, in a sign of the strain the volume war and the coronavirus epidemic imposed on the Kingdom's balance of payments. Reserves have almost certainly fallen even further in April in line with a big drop in oil prices and reduction in export revenues as the volume war and epidemic worsened last month. Front-month Brent futures prices averaged just $27 per barrel in April, down from $34 in March and $55 in February. So export earnings are likely to have fallen even further. (Reuters)
- **Saudi Arabia sets $533.3mn for agriculture imports –** Saudi Arabia has allocated $533.3mn to fund importing agriculture products and secure food supplies amid coronavirus fears, the country's agriculture development fund said on Tuesday. The initiative, which will be carried out through a mixture of direct and indirect loans, will target in its first phase products including rice, sugar, soybeans and yellow corn. Other products will be added according to market needs and for food security, the fund said in a statement. "This initiative (aims) to meet development priorities and economic needs within the urgent initiatives approved by the Saudi Government to address the impacts of the novel Coronavirus (COVID-19)," it said. Another goal is to mitigate the expected economic impacts on private sectors and economic activities, including the agricultural sector, it added. Saudi Arabia has grown increasingly dependent on grain imports, becoming a major importer of wheat and barley, since abandoning plans in 2008 to become self-sufficient as desert farming was draining scarce water supplies. (Reuters)
- **Saudi Arabia's oil exports to drop in May as demand slides –** Saudi Arabia's crude oil exports in May are expected to drop to about 6mn bpd, the lowest in almost a decade, and domestic refining output is likely to fall as the coronavirus crisis hits demand, industry sources and analysts say. The world's top oil exporter will cut crude production by 23% to about 8.5mn bpd in May and June, under a supply reduction pact with OPEC+ alliance to shore up prices hammered by demand destruction due to the coronavirus-related lockdowns. Saudi crude oil exports for May are expected to be about 6mn bpd, industry sources said, with Asia taking about 4mn bpd. Exports to the US are seen at less than 600,000 bpd, sources said. Falling oil output means lower production of associated gas, a byproduct when extracting crude. Gas is used as a feedstock in the petrochemical industry and for power generation. Saudi Arabia has increasingly sought to generate more power from gas to save crude for exports. However, lower global oil demand means more cheap crude available for domestic use, which could mean burning more oil this summer when power demand soars with the use of air-conditioners. (Reuters)
- **Saudi Aramco to delay release of June oil pricing to Wednesday –** Saudi Aramco has delayed the release of its key monthly pricing for June crude exports by one day until Wednesday, according to sources. (Bloomberg)
- **UAE's non-oil private sector hits second consecutive record low –** The UAE's non-oil private sector shrank at a record rate for the second month running in April, as lockdown measures to fight the coronavirus pandemic piled pressure on an already sluggish economy. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, fell to 44.1 in April from 45.2 in March. The 50.0 mark separates expansion from contraction. The output and new export orders sub-indices fell sharply, both falling to record lows since the survey began in August 2009. Output tumbled to 39.9 in April from 47.2 in March. "Tourism declined sharply again, as

countries worldwide imposed similar restrictions amid the virus pandemic. Along with reduced demand from foreign clients, this led to a steep fall in export business, one that was unprecedented in the survey history," the report said. New export orders fell to 35.2 in April from 44.3 in March. (Zawya)

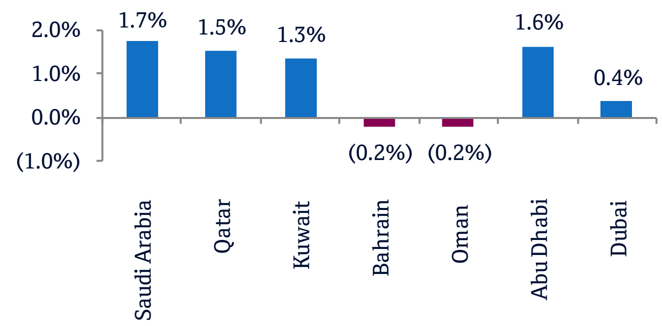
- **UAE banks' dominate 87.2% of sector's assets in 1Q2020 –** The value of the UAE banks' assets jumped to AED2.729tn during the first quarter 1Q2020, standing at 87.2% of the total banking system's assets. The total assets of the national banks increased by 1.5% to AED41bn during the first three months of 2020, when compared to December 2019, according to the statistics of the Central Bank of the UAE (CBUAE). The foreign banks accounted for 12.8% of the total banking system assets, with a 1.1% growth to AED399bn in March 2020, versus its levels in December. Meanwhile, the national banks granted loans of AED1.574tn in the 1Q2020, representing 80.3% of the total assets, while the foreign banks registered loans of AED194bn. Deposits at national banks totaled around AED1.633tn, or 88.2% of the total deposits, while deposits at foreign banks reached AED219bn. (Zawya)
- **CBUAE: UAE banks will be able to manage COVID-19 economic shock –** The coronavirus that continues to rage around the world and drags the global economy to a near standstill will test the strength of the UAE's banking sector, but financial institutions will be able to manage the economic shock, a top official said. The Central Bank of the UAE (CBUAE) has just released its annual report for 2019, highlighting the remarkable performance of banks in the country despite last year's turbulent external environment. The regulatory body said it is still too early to gauge the extent of the impact of the coronavirus on the local economy, but it stressed it is committed to intervene and help affected businesses. "The outlook for 2020 is uncertain, marked by the global impact of the COVID-19 pandemi. The strength and resilience of the banking sector will be tested," CBUAE's Governor, Abdulhamid Saeed said. He, however, pointed out that in the past year, UAE banks remained sound with strong levels of capital and liquidity. The sector also witnessed major progress in the banking consolidation space and enjoyed a strong operating environment. "Against this backdrop, the banking sector is well positioned to manage the substantial stress situation and uncertainty in economies caused by the COVID-19 pandemic," Saeed said. (Zawya)
- **Abu Dhabi's ADQ to buy Jordanian firm from founders, Carlyle –** Abu Dhabi's ADQ is close to buying a Jordanian frozen food processor from its founders and the Carlyle Group, according to sources. The company, formerly known as Abu Dhabi Development Holding Co., is set acquire most of Al-Nabil Food Industries Co. from the Al-Nabil family and Carlyle, sources said. Moelis & Co. is advising Al-Nabil and Carlyle on the sale, they said. Carlyle, Founders of Al-Nabil are said to plan the sale of Jordan Firm. Al-Nabil, which produces frozen and chilled food products such as chicken and pastries, was said to be valued at about $300mn, Bloomberg reported in June, sources added. (Bloomberg)
- **Kuwait sells KD240mn 91-day bills; bid-cover at 11.36x –** Kuwait sold KD240mn of 91-day bills due on August 4, 2020. Investors offered to buy 11.36 times the amount of securities sold. The bills have a yield of 1.25% and settled on May 5, 2020. (Bloomberg)
- **Bahrain re-appoints Rasheed Mohammed Al-Maraj as central bank Governor –** Bahrain's King Hamad bin Isa Al Khalifa has re-appointed Rasheed Mohammed Al-Maraj as Governor of the Central Bank for another five years, state news agency BNA reported on Tuesday. King Hamad has also appointed new members of the bank's board, BNA added. (Reuters)
- **S&P downgrades Bahrain's Al Baraka Banking Group –** S&P has lowered Bahrain's Al Baraka Banking Group's long-term rating to 'BB' from 'BB+', with a 'Stable' outlook. "The rating reflects the agency's view that the Bahrain-based group's capitalization is now a perceived ratings weakness, owing to increased risks stemming from its large presence and operations in Turkey. The Stable outlook on Al Baraka Banking Group's long-term rating reflects S&P's expectations that the lender's financial profile will continue to be broadly stable in the next 12 months," S&P said. The Bahraini Islamic lender's short-term rating was affirmed at 'B'. The group has operations in the Middle East, Asia and Africa. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,705.92	0.2	0.3	12.4
Silver/Ounce	14.96	1.3	(0.1)	(16.2)
Crude Oil (Brent)/Barrel (FM Future)	30.97	13.9	17.1	(53.1)
Crude Oil (WTI)/Barrel (FM Future)	24.56	20.5	24.2	(59.8)
Natural Gas (Henry Hub)/MMBtu	1.93	7.8	14.2	(7.7)
LPG Propane (Arab Gulf)/Ton	37.50	11.1	14.9	(9.1)
LPG Butane (Arab Gulf)/Ton	30.75	7.9	6.0	(53.1)
Euro	1.08	(0.6)	(1.3)	(3.3)
Yen	106.57	(0.2)	(0.3)	(1.9)
GBP	1.24	(0.1)	(0.6)	(6.2)
CHF	1.03	(0.8)	(1.2)	(0.5)
AUD	0.64	0.0	0.2	(8.4)
USD Index	99.71	0.2	0.6	3.4
RUB	73.77	(1.4)	(0.8)	19.0
BRL	0.18	(0.6)	(1.6)	(27.9)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,018.12	1.0	0.7	(14.4)
DJ Industrial	23,883.09	0.6	0.7	(16.3)
S&P 500	2,868.44	0.9	1.3	(11.2)
NASDAQ 100	8,809.12	1.1	2.4	(1.8)
STOXX 600	335.50	1.6	(1.9)	(22.1)
DAX	10,729.46	1.9	(2.1)	(21.7)
FTSE 100	5,849.42	1.7	0.9	(27.2)
CAC 40	4,483.13	1.8	(2.8)	(27.6)
Nikkei#	19,619.35	0.0	0.0	(15.4)
MSCI EM	895.74	0.9	(2.3)	(19.6)
SHANGHAI SE Composite#	2,860.08	0.0	0.0	(7.6)
HANG SENG	23,868.66	1.1	(3.2)	(14.9)
BSE SENSEX	31,453.51	(0.9)	(7.3)	(28.2)
Bovespa	79,470.80	0.6	(3.5)	(50.5)
RTS	1,133.16	3.1	0.7	(26.8)

Source: Bloomberg (*$ adjusted returns, #Market was closed on May 05, 2020)

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